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FM AMEMBASSY WELLINGTON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3559
INFO RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 4639
RUEKJCS/OSD WASHINGTON DC IMMEDIATE
RHHMUNA/CDR USPACOM HONOLULU HI IMMEDIATE
RHHJJAA/JICPAC HONOLULU HI IMMEDIATE
RHEHAAA/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE

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E.O. 12958: DECL: 11/30/2016

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SUBJECT: NEW NATIONAL LEADER WANTS CLOSER TIES TO U.S. BUT
WON'T CHANGE NZ'S ANTI-NUCLEAR POLICY

REF: WELLINGTON 935

Classified By: ACTING DCM KATHERINE B. HADDA,
FOR REASONS 1.4 (B) and (D)

11. (C) Summary: The opposition National Party's new leader, John Key, says that although he favors closer relations between the United States and New Zealand, he believes his country should maintain its nuclear-free policy. Key is clearly trying to remove the nuclear issue from the political agenda, as many believe National's lack of clarity on the matter under former leader Don Brash is one reason the party failed to topple the Clark government in the 2005 general elections. While Key is no doubt trying to keep his party's faithful engaged by emphasizing that he wants closer ties with us and other traditional allies, we regard his call for better bilateral relations as genuine. A former investment banker, Key has extensive experience living in the States and working with Americans, and is generally pro-U.S. End Summary.

12. (U) In a November 30 speech to a National Party-sponsored seminar, the new National Party Leader John Key said there is no scope for major changes in New Zealand's foreign policy and he wishes to cooperate closely with the Labour Government. While noting this is not the time for formal policy announcements, Key nevertheless articulated three points he said would be central as National develops a new way forward:

-- A National-led Government would engage the public more closely on defense-related issues and strategies. Key noted that there had not been a government white paper on defense since 1997.

-- New Zealand's security interests are not identical to Australia's but they align closely, and aiming for inter-operability would be a key part of National's policy framework.

-- There are almost a quarter of a million New Zealanders of Pacific Island heritage, and New Zealand's role in the Pacific will be increasing in the years ahead. Key said National will build relationships to allow New Zealand to meet its regional responsibilities.

13. (U) Turning to the United States, Key harkened back to ANZUS as a lynchpin of National's defense policy for most of

its history. He said that he believes New Zealand should keep its nuclear free policy and "an ANZUS-based relationship is not the way forward between New Zealand and the United States." However, he stressed that he had a "much more positive view of the United States and its role in world affairs" than most of the Labour Government and he believes there is much that can be done to improve US-New Zealand ties while leaving New Zealand's foreign policy independent. He added that improving the bilateral relationship would be a priority for his government if elected.

¶4. (SBU) Embassy Media Specialist learned from local journalists that in a media briefing after the speech, Key said that while ANZUS is no more, he wants to move forward on a constructive relationship with the United States. Responding to a question about the nuclear issue, Key said he thought National's position had been in limbo so he wanted to make it clear that he supported the anti-nuclear legislation and it would remain in force as long as he was the National Party leader. He said he would take this view to caucus to ratify. Key added that he strongly supports and wishes to strengthen New Zealand's relationship with the United States and traditional allies Australia and the UK, but that National's foreign policy would be for New Zealanders and not be "slavish" to any particular relationship of the past.

¶5. (SBU) When asked for a response from the press, the Media Specialist used pre-cleared State Department guidance noting that while our differences with New Zealand on the nuclear issue are well known, we believe it more constructive to look forward than back. We understand that the press intends to report our response as "muted."

¶6. (C) Comment: Key is clearly trying to move beyond National's past confused stance on the nuclear issue, which

has been a source of trouble for the party over the past few years. In 2004, former Foreign Minister Phil Goff misquoted a junior Ministry of Foreign Affairs and Trade (MFAT) staffer's notes from a meeting between a Codel and former National leader Don Brash to claim that Brash had promised the nuclear ban would be "gone by lunchtime." Brash denied he intended to get rid of the ban without a referendum, but was unable to respond credibly when Labour said that must mean he was planning to scrap the legislation, which many Kiwis view as an iconic part of the country's identity. When Labour was flagging in opinion polls close to the 2005 general election, it revived the specter of National's removing the ban, and National officials have confided to us they think this is one reason they ultimately did not win the race. National's Foreign Policy spokesman Murray McCully told us almost a year ago that he was urging the caucus to include a commitment to the ban in its platform.

¶7. (C) Key is also clearly trying to signal that he wants a closer relationship with the United States. As noted reftel, he has lived in the United States and is general favorable towards us. Over the coming weeks and months, we will engage more with Key and learn what he has in mind.
McCormick